

**Transcript of Remarks by Senator Kent Conrad (D-ND) at Press Roundtable  
Briefing on Republican Efforts to Raise the Federal Debt Limit  
April 8, 2003**

We're in a circumstance where Republicans are asking for a significant increase in the debt limit. And as we look at where we are and where we were – this is gross federal debt. You'll recall in the 2002 budget resolution they said we wouldn't need an increase in the debt limit until way out here in 2010. Now they say we need an increase in the debt limit as soon as possible, a really dramatic change in circumstance.

The language that they floated was very interesting if you look at it. "The National Debt Ceiling of the United States shall be increased by the total amount of funds appropriated by Act of Congress for the Department of Defense, Department of Homeland Security or any other Agency of government to prosecute the war against terrorism, the war in Afghanistan, the war in Iraq, since September 11, 2001." This is the amendment Senator Stevens offered.

So we decided to put a pencil to that to try to figure out how much money are we talking about, because there was no dollar amount mentioned. And what we found when we put it all together is that it adds up to \$887 billion. That's the 2001 Emergency Response Fund, the 2002 defense, military construction, homeland defense and the supplemental for DOD and homeland defense, for 2003 the categories you can see there. A total of \$886.7 billion.

Interestingly enough, the amount that they're talking about is roughly equal to the tax cut that is in the Senate Budget Resolution. Now I don't want to leave anybody with the incorrect impression. Obviously, these two are separate, one looks forward, one looks back. Nonetheless, the amount of debt increase they are seeking is approximately equal to the tax cut contained in the budget resolution.

This is what is happening to the gross federal debt. The President said two years ago he was going to virtually eliminate all of it, everything that could be eliminated. Instead, we see gross debt is going up dramatically to \$6.7 trillion in 2003 to \$11.4 trillion in 2013. This is under the Senate GOP budget.

The President told us in 2001 that his "budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren."

This is what has happened to publicly-held debt since that speech. In January 2001, he told us that in 2008 there would be \$36 billion in debt. Then in his 2002 budget, it was up to \$1.2 trillion. Then his tax cut passed and in August 2001, we were up to \$1.6 trillion, then the President's 2003 budget took it up to \$3.2 trillion, and now his budget takes us up to over \$5 trillion in publicly-held debt by 2008. Instead of virtually paying off the debt, as he earlier asserted would be the case, we see the debt mushrooming.

One of the results of that is the interest cost explodes. We were told in 2001, the interest

cost for the next decade would be just over \$600 billion. We now see it's \$2.3 trillion if the President's policies are adopted. That's an increase of \$1.7 trillion in interest cost, which doesn't buy anything other than meeting our legal obligations.

The President in his State of the Union this year said, "This country has many challenges. We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other presidents and other generations."

But that's exactly what he is doing, that is precisely what he is doing. He is passing it all off in terms of higher debt, more deficits, and he is asking future generations to pick up the tab.

This debt limit increase, if enacted, would be the second largest we've ever had. The previous Bush administration in November 1990 had a \$915 billion increase in the debt. What was being sought here, as I've indicated, \$887 billion, would be the second biggest ever.

And if we look at the plans of both the President's plan and the Senate GOP plan, both of them are adding over \$2 trillion of deficits over the period of the budget. You'll recall the baseline was actually in positive territory by over \$600 billion. They take all of that plus run up a substantial additional amount of deficit that gives these totals.

*Question:* (Asked about chances of being able to block debt increase)

*Answer:* There are a lot of Republicans who had a lifetime position in politics that they were against debt limit increases. Well they are about to vote on the mother of all debt limit increases. You may find individual members who will find it very hard to do a u-turn on their rhetoric of a political lifetime.

*Question:* (Asked to respond to Rep. Delays comments about possibly not passing a budget)

*Answer:* Without reconciliation instruction their whole strategy is in jeopardy. This whole thing is so far fetched it almost makes one wonder why we're having this conversation. I mean if you think about it. We have record budget deficits. In that context, the President proposes cutting another \$1.9 trillion out of revenues. Let me repeat that, because I read all the time that his tax cuts are \$726 billion. No they're not. He's proposed \$1.6 trillion in tax cuts, plus the associated interest costs, \$1.96 trillion is the cost of his tax cuts over the next decade -- \$1.96 trillion. When you're already in record deficits, and he doesn't propose offsetting them with spending cuts. He proposes increasing spending which can only lead to one result, which is massive budget deficits right on the eve of the retirement of the baby boom generation when we're at war, the cost of which no one knows. This is not a conservative policy. This is a radical policy. It's a reckless policy, and it can only lead to ultimately shredding of Social Security, shredding of Medicare and shredding of most of the government as we know it. That's where we're headed. That has got to be their intention. These are not people who are unaware of the facts. They're smart people. They know exactly what they're doing and they're taking us right over the cliff.

*Question:* (Asked about when debt limit might be considered)

*Answer:* I think it is more likely that it is a May/ June issue, because you've got lots of things coming at you now. You have the breakdown of the budget negotiations, they really are betwixt and between. They really can't put anything together because there's just deep division in their ranks over what direction to take. The Senate is telling them they can't pass anything over here that has more than \$350 billion of reconciled tax cuts. And on the House side, the hardliners there are saying they have got to have all of what the President asked for or they can't pass it over there. So I think that's kind of right in the middle of this discussion about the debt limit and complicates it substantially for them.

*Question:* (Asked whether it is unlikely they'll come together this week with an agreement)

*Answer:* Who knows what will happen ten minutes from now? You know there was a meeting at noon today. Senator Breaux came out of that meeting saying there was no movement on their part, that they are fully committed to no more than \$350 billion of reconciled tax cuts in a package, and that there are not the votes to support a higher number in the Senate. So that leaves it back in the House's hand. How do they respond?

*Question:* (Asked about whether there should be a specific number with regard to debt limit increase)

*Answer:* If you see what's been passed on the Senate side, it says in the usual form. A usual form contains a number and I think the American people deserve to know how much is the debt being increased. Not some vague language that people have to go and spend two or three days gathering the underlying numbers to figure out what they were trying to do. People ought to know how much the debt of the United States is being increased with specificity.

*Question:* (Asked about Treasury Department being quiet in their debt request)

*Answer:* I think the last thing they want is focus on what's happening to the debt. The last thing they want is for the American people to be aware that the debt is being increased dramatically as a result of their policies, because that would not be helpful in the middle of their attempt to get a massive additional tax cut.

*Question:* (Asked about Administration claiming they've been just as active this year as they've been in past regarding debt requests)

*Answer:* There's been almost nothing from them. You just reality test, you know your own experience. There's no comparison. This wasn't just a matter of letters in the past. This was a matter of constant public statements that the debt limit had to be increased to avoid default.

They are just making virtually no such public statements.

*Question:* (Asked about method Treasury is using to avoid default, particularly given the criticism from GOP in the mid 1990s about what Treasury is doing )

*Answer:* The Republicans proposed impeaching the Secretary of Treasury then for doing what their Secretary of Treasury is doing now. I've not heard of any calls by the Republicans to impeach this Secretary of the Treasury. I wonder if that means their previous calls were simply political.

*Question:* (Asked whether he has a problem with what Treasury is doing to avoid default)

*Answer:* Frankly, I don't think that's the issue. To me that's a side show. The issue is they are pursuing a fiscal policy that is reckless, is dangerous, that will force deep cuts in Social Security and Medicare and most of the rest of government. I've lost the ability to describe how irresponsible this is.